

DRAFT Joint VELCO CFO Forum/Operating Committee Minutes
September 21, 2017, 11 a.m. – 3:00 p.m.
VELCO Rutland, VT

PARTICIPATING

Operating committee members

Ken Couture (Green Mountain Power), Frank Etori (VELCO), James Gibbons (Burlington Electric Department), David Kresock (Stowe Electric Department), Craig Myotte (VT Public Power Supply Authority/Morrisville Water and Light Department) by phone, Jason Pew (VELCO), Peter Rossi (Vermont Electric Cooperative), and Ken Tripp (Vermont Electric Cooperative).

<p>Next Meeting October 19, 2017 GMP, Montpelier</p> <p>1-866-720-4556 Code: 6027065</p>

CFO Representatives

Michael Bursell (Vermont Electric Cooperative), Michele Nelson (VELCO), and Kevin Weishaar (Stowe Electric Department),

OTHER PARTICIPANTS

Chris Babb (VELCO), Doug Best (VELCO), Brian Connaughton by phone, Tom Dunn (VELCO), Mike Fiske (VELCO), Shana Louiselle (VELCO), Dan Nelson (VELCO), Colin Owyang (VELCO), and Donna Trombley (VELCO).

OPENING REMARKS

Mr. Etori called the Operating Committee (OC) meeting to order at 11:00 a.m. and introductions were performed around the room. The agenda was reviewed which included the Joint CFO/OC meeting to be conducted prior to lunch that includes the budget review, after which the CFO Representatives shall be free to leave if they desire.

SAFETY TOPIC

Mr. Fiske reported on the construction at the Pinnacle ridge facility and need to be cautious around the ongoing work. Mr. Pew provided a review of the emergency exits and muster areas in the event of evacuation for those not familiar with the building.

JOINT MEETING OF CFO FORUM AND THE VELCO OPERATING COMMITTEE

VELCO 2017/18 Budget

Ms. Nelson presented the proposed 2017/18 budget.

As stated in the Budget Overview: [VELCO] *had a flat nominal budget since 2014 and the proposed 2018 budget is consistent with that trend when comparing budget composition year on year.*

Highlights included:

- Includes two new items from previous year:
 - Operating costs for the Highgate Converter
 - Reallocation of administrative overhead from capital to operating expense due to the reduced capital expenditures
- Mr. Dunn discussed the challenge that maintaining a flat budget while capital expenditures and the associated return are declining.
- Ms. Nelson discussed the Highgate Converter and its impact on the budget that included a discussion on the operating costs that are recovered via the N.E. OATT.
- Mr. Bursell inquired about communication asset depreciation specifics. Ms. Nelson will provide those after the meeting as they are not readily available.
- Mr. Couture inquired about staffing levels. Mr. Dunn provided his view of the changing resource needs and corresponding approach of re-allocating existing staff as necessary to meet the changing environment.
- Mr. Couture inquired about merchant projects. Ms. Nelson reported that no merchant projects were considered in the upcoming budget.

Mr. Gibbons requested that the proposed budget be provided to the members of the CFO Forum who are currently not in attendance. Ms. Nelson will schedule such a meeting.

Mr. Bursell commented on the work VELCO has done to maintain the proposed flat budget and that it was appreciated.

END OF BUDGET REVIEW; CFO REPRESENTATIVES EXIT THE MEETING

OPERATING COMMITTEE MINUTES APPROVAL

Mr. Etori presented the meeting minutes from August 17, 2017, for approval with a noted revision to the date of the meeting in the heading which indicated August 18.

Mr. Gibbons reported he wished to modify the section concerning Data Aggregation as it was not recorded as he recollected.

Mr. Owyang suggested Mr. Gibbons provide his revisions and the minutes could be approved at a later time.

VTOUTAGES.COM OPTIONS

Mr. Nelson reported that would like to have Mr. Powell present to discuss the site functionality and potential change of ownership and requested that the topic be postponed. All were in favor of postponement. Additionally, next week the annual meeting of the

Vermont Joint Utilities/State Agencies Emergency Preparation Program (Emergency Prep) has a breakout specific to the topic.

Mr. Gibbons requested that the purpose of the site be clear and offered correspondence with the Department on the topic.

Mr. Pew reported that in addition to the Departments use of the site, it is utilized by VELCO and ISO-NE in support of DOE and NERC requirements.

It was agreed that the topic will be addressed at next month's Operating Committee Meeting and will include a summary of the anticipated Emergency Prep discussion.

BARRE SUBSTATION CONDITIONS ASSESSMENT (SCAP) PROJECT

Mr. Best presented the Barre Substation project. Highlights include:

- Original station was built in 1958.
- Station largely remains as it was originally built.
- During construction, a temporary station utilizing a transportable transformer will be built across the street on existing VELCO owned property.
- Update to transmission line protection to high speed scheme, not currently employed at the station.
- Replacement oil circuit breakers with SF6 breakers.
- Planning to use repurposed SF6 breakers removed from the Granite substation.
- The existing transformer was placed in service in 2014 during an emergency outage and is equipped with an LTC. As part of the project, the LTC capabilities will be enabled.
- Upgrade of the existing transformer oil containment system from berms to an underground system.
- Existing capacitor bank operation is limited as they cannot be utilized independently due to a series configuration that requires a vacuum breaker be closed to pick up the first 10.8 MVAR cap; closing a motor operated disconnect after picks up an additional 5.4 MVAR. As part of the project, each of the two capacitors will have their own circuit breaker which allows for independent operation.
- Access and fencing improvements to bring the facility up to new VELCO standards.
- Estimated construction start is Q3 2018 or Q1 2019.

Mr. Tripp inquired about any contingency budgeting required due to winter construction.

Mr. Best reported he did not expect the current schedule to require much beyond commissioning in the winter months as the majority of construction would take place prior to winter.

Mr. Gibbons requested clarification on the facility as PTF. Mr. Etori reported that since it is an existing PTF asset that is being upgraded, it remains the same original classification.

GREEN JACKET ANIMAL PROTECTION

Mr. Fiske presented VELCO's completed and ongoing animal contact prevention projects.

Highlights include:

- TransGuard fencing

A general overview of the product was provided

- Cantega Technologies Green Jacket

Mr. Rossi reported that he had previously installed the system when employed at Powder River Energy Corporation. His experience with the system was positive and provided some examples of its effectiveness.

Mr. Dunn inquired about its anticipated length of service. Mr. Fiske reported it has a 25 year lifespan as reported by Cantega.

Twelve Essex/Burlington area low-voltage busses are currently identified for animal mitigation in the next three years.

Mr. Tripp inquired about the possibility of adding the South Hero substation. Mr. Fiske reported that could be considered.

Mr. Rossi inquired about the installation time. Mr. Fiske reported it is anticipated to be an approximately 3 year project. Some locations require the use of a transportable transformer to allow access to the low voltage equipment that would have to be coordinated with maintenance schedules to minimize local impact.

OTHER BUSINESS

Minutes Approval

Mr. Pew received the revisions to the meeting minutes as provided by Mr. Gibbons and displayed those to the group for review.

Mr. Gibbons moved to approve the minutes with as proposed. Mr. Etori received unanimous agreement with the minutes as amended.

MOTION TO ADJOURN

Mr. Couture moved to adjourn, Mr. Gibbons and Mr. Tripp seconded simultaneously, and the meeting was adjourned at 1:25 pm.